

Message Text

SECRET

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 SP-02 AID-05 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 AGR-05

CIAE-00 COME-00 INR-05 LAB-04 NSAE-00 SWF-01 FRB-01

DODE-00 PA-01 USIA-06 PRS-01 L-02 H-01 INT-05 GSA-01

IO-10 ARA-06 FEA-01 OES-03 SAM-01 /112 W

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R 170307Z DEC 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3194

AMEMBASSY LAPAZ

INFO AMEMBASSY LONDON

USLO PEKING

USMISSION USUN

S E C R E T HONG KONG 13545

NOFORN

E.O. 11652: XGDS-2

TAGS: ETRD, EMIN, CH, BL

SUBJECT: BOLIVIA AND PRC TUNGSTEN-ANTIMONY PRODUCERS COUNCIL

1. AS PART OF ITS ATTEMPT TO BECOME A LEADER OF THE THIRD WORLD, THE PRC HAS FOR SOME TIME BEEN GIVING STRONG VERBAL SUPPORT TO LDC PRODUCER CARTELS TO INCREASE WORLD MARKET PRICES, INCLUDING SUCH LATIN AMERICAN COMMODITIES AS PETROLEUM, BAUXITE, COFFEE AND BANANAS. NOW, IT APPEARS THAT THE PRC MAY HAVE TAKEN A FURTHER STEP REGARDING ANTIMONY AND TUNGSTEN.

2. WE UNDERSTAND THE LONDON METAL BULLETIN OF SEPTEMBER 10 REPORTED THAT A PRIVATE BOLIVIAN MIFLNG DELEGATION TO THE PRC LED BY EMUSA PRESIDENT MARIO MERCADO REACHED A PRELIMINARY UNDERSTANDING TO ESTABLISH PRODUCER' COUNCIL ON ANTIMONY ORE AND WOLFRAM (A TUNGSTEN ORE) WITH THE OBJECTIVE OF STABILIZING

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PRICE FLUCTUATIONS. THE DELEGATION ALSO SUGGESTED THAT

THE PRC JOIN THE INTERNATIONAL TIN COUNCIL (ITC).

3. WE RECALL INTELLIGENCE SOURCES REPORTING THAT A SIMILAR BOLIVIAN MISSION TO THE PRC IN LATE 1971-EARLY 1972 FAILED TO PERSUADE THE PRC TO JOIN IN STABILIZING THE PRICE OF ANTIMONY.

4. METALS AND MINERALS SALES AT THE FALL CANTON FAIR WERE HIGH, IN CONTRAST TO THE PRC'S TRADITIONAL EXPORTS SUCH AS TEXTILES WHICH ARE NOW FACING WEAK DEMAND OVERSEAS. THUS THE PRC MAY FACE A CONFLICT BETWEEN ITS DESIRE TO EARN BADLY NEEDED FOREIGN EXCHANGE BY SELLING METALS AND MINERALS AND ITS DESIRE TO DEMONSTRATE SUPPORT FOR THE THIRD WORLD RAW MATERIALS PRODUCERS. (SIMILAR CONSIDERATIONS APPLY TO OIL. PRESS REPORTS FROM PEKING HAVE SAID THE PRC OFFICIALS DENY ANY INTENTION OF JOINING OPEC, THOUGH THEY PLEDGE THAT THE PRC WILL NOT EXPORT PETROLEUM IN A MANNER TO DAMAGE OPEC COUNTRIES' INTERESTS.) THERE IS A FURTHER CONFLICT BETWEEN THE PRC CULTIVATION OF THE MAJOR TIN PRODUCERS, BOLIVIA AND MALAYSIA, WHICH SUPPORT THE ITC AND THE PRC'S TRADITIONAL RELUCTANCE, CONFIRMED AGAIN AT THE RECENT FAO FOOD CONFERENCE IN ROME, TO PROVIDE PRODUCTION STATISTICS, WHICH WOULD BE ENTAILED BY JOINING THE ITC.

5. WE WOULD APPRECIATE ANY ADDITIONAL INFORMATION THAT THE DEPARTMENT OR EMBASSY LAPAZ CAN PROVIDE REGARDING RECENT BOLIVIAN APPROACH AND CHINESE RESPONSE.

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